

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 TRSE-00 COME-00 TAR-02 STR-08

CIAE-00 INR-10 NSAE-00 RSC-01 RSR-01 /059 W

----- 088410

R 021931 Z MAY 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 4785

INFO AMCONSUL FRANKFURT

AMCONSUL DUSSELDORF

AMCONSUL MUNICH

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 06307

E. O. 11652: GDS

TAGS: EIND

SUBJECT: TARIFF COMMISSION REQUEST FOR INFO ON

BALL BEARING INDUSTRY

REF: A. STATE 26371; B. BONN A-241; C. BONN 4800

1. SUMMARY: THE FOLLOWING ARE THE MOST COMPLETE ANSWERS OBTAINABLE HERE TO THE QUESTIONS ASKED IN REF A. THEY INCLUDE CONTRIBUTIONS FROM CONGEN FRANKFURT, WHICH APPROACHED THE GERMAN BALL BEARING TRADE ASSOCIATION, AND FROM CONGEN DUESSELDORF AND MUNICH, WHICH ATTEMPTED TO SUPPLEMENT THE TRADE ASSOCIATION'S INFO BY CONTACTING INDIVIDUAL FIRMS. THESE FIRMS PROVIDED LITTLE OR NO INFO. SOME ADDED THAT THE TRADE ASSOCIATION WAS ACCEPTING THE RESPONSIBILITY FOR ANSWERING THE TARIFF COMMISSION QUESTIONS. THE TRADE ASSOCIATION PROVIDED ONLY LIMITED INFO BUT INDICATED THAT THE DIRECTOR WAS WILLING TO TESTIFY FOR THE TARIFF COMMISSION (REFTEL C). END SUMMARY.

2. ANSWERS ARE KEYED TO PARAGRAPHS IN REF A.

PARAGRAPH 4 - ANSWERED REF B.

PARAGRAPH 5 - GERMAN TRADE ASSOCIATION OF PRODUCERS

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AND EXPORTERS OF BALL- BEARINGS IS THE FACHGEMEINSCHAFT ANTRIEBSTECHNIK.

PARAGRAPH 6 - NOT AVAILABLE.

PARAGRAPH 7, 8 AND 9 - PRECISE FIGURES IN ANSWER TO THESE QUESTIONS ARE NOT OBTAINABLE. LABOR COSTS VARY SIGNIFICANTLY FROM FIRM TO FIRM AND THE INDIVIDUAL COMPANIES APPROACHED HERE DID NOT PROVIDE THIS INFO, WHICH IS, OF COURSE, CLOSELY HELD. AS A ROUGH GUIDE TO LABOR COSTS INVOLVED: IN 1972 HOURLY WAGES IN THE FINE MECHANISMS BRANCH OF THE METAL- WORKING INDUSTRY, WHICH INCLUDES BALL- BEARING PRODUCERS, WERE APPROXIMATELY \$2.35 AN HOUR IN THE THIRD QUARTER OF 1972, A 9 PERCENT INCREASE OVER THE THIRD QUARTER OF 1971. WAGES AND SALARIES IN THAT BRANCH CONSTITUTED A 39.8 PERCENT OF COSTS IN 1972, AN INCREASE OF 1.3 PERCENT OVER THE PRECEDING YEAR.

PARAGRAPH 10 - FOLLOWING INFO ON INVESTMENT SUPPLIED BY THE TRADE ASSOCIATION:

A. 1968 - (FIGURES ARE FOR 7 FIRMS WITH TOTAL EMPLOYMENT OF 28,035 ON SEPTEMBER 30, 1968 AND GROSS SALES OF DM 960 MILLION IN 1968).

A) TOTAL INVESTMENT IN 1968 WAS DM 64 MILLION, OF WHICH 6 PERCENT WAS EXPENDED FOR BUILDING AND 94 PERCENT FOR EQUIPMENT.

B) INCREASE IN CAPACITY IN 1968 OVER 1967 - 5 PERCENT.

B. 1969 - (FIGURES ARE FOR 8 FIRMS WITH TOTAL EMPLOYMENT OF 30,240 ON SEPTEMBER 30, 1969 AND GROSS SALES OF DM 1,219 MILLION IN 1969).

A) TOTAL INVESTMENT IN 1969 WAS DM 97 MILLION, OF WHICH 15 PERCENT WAS EXPENDED FOR BUILDING AND 85 PERCENT FOR EQUIPMENT.

C. 1970 - (FIGURES ARE FOR 6 FIRMS WITH TOTAL EMPLOYMENT OF 26,423 ON SEPTEMBER 30, 1970 AND GROSS SALES OF DM 1,166 MILLION IN 1970).

A. TOTAL INVESTMENT IN 1970 WAS DM 88 MILLION, OF WHICH 37 PERCENT WAS EXPENDED FOR BUILDING AND 63 PERCENT FOR EQUIPMENT.

B. INCREASE IN CAPACITY IN 1970 OVER 1969: 6 PERCENT.

D. 1971 - (FIGURES ARE FOR 6 FIRMS WITH TOAL EMPLOYMENT OF 30,530 ON SEPTEMBER 30, 1971 AND GROSS SALES OF DM 1,339 MILLION IN 1971).

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A. TOTAL INVESTMENT IN 1971 WAS DM 157 MILLION, OF WHICH 31 PERCENT WAS EXPENDED FOR BUILDING AND 69 PERCENT FOR EQUIPMENT.

B. INCREASE IN CAPACITY IN 1971 OVER 1970: 4 PERCENT.

E. 1972 - FIGURES NOT YET AVAILABLE.

PARAGRAPH 11 - NOT AVAILABLE.

PARAGRAPH 12 AND 13 - ANSWERED REF B.
PARAGRAPH 14 - SPECIFIC INFO ON EX- FACTORY PRICES
RECEIVED BY REPRESENTATIVE PRODUCERS IS NOT AVAILABLE.
GERMAN FIRMS MAINTAIN THAT REBATES OF UP TO 66 PERCENT
OF GROSS PRICES ARE CUSTOMARY FOR MOST SALES IN GERMANY

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AND ABROAD.
PARAGRAPH 15 - NOT AVAILABLE.
PARAGRAPH 16 - SOURCES NOT WILLING TO PROVIDE
SPECIFIC INFO ON DISTRIBUTION CHANNELS. MOST LARGE
PRODUCERS, HOWEVER, OWN THEIR OWN RETAIL OUTLETS
THROUGHOUT GERMANY.
PARAGRAPH 17 - TO OUR KNOWLEDGE THERE ARE NO GOVERN-
MENT MEASURES PROMOTING PRODUCTION AND/ OR EXPORTS IN THE
BALL BEARING INDUSTRY.
PARAGRAPH 18 - THE EUROPEAN COMMUNITY TARIFF FOR BALL,
ROLLER AND NEEDLE BEARINGS IS 9 PERCENT FOR NATIONS
ELIGIBLE FOR MFN TREATMENT AND 18 PERCENT FOR OTHERS.
THERE ARE NO IMPORT QUOTAS FOR BALL BEARINGS AND THE
EMBASSY IS NOT AWARE OF ANY OTHER GOVERNMENTAL NON-
TARIFF RESTRICTIONS.
PARAGRAPH 19 - NOT AVAILABLE.
PARAGRAPH 20 - THE AMERICAN SYSTEM OF EVALUATING BALL
BEARING IMPORTS (HOME MARKET VALUE, I. E. GERMAN SELLING

PRICE) WAS CITED BY ONE FIRM AN AN IMPORTANT FACTOR
LIMITING GERMAN EXPORTS TO THE U. S. ACCORDING TO THIS
SOURCE, KUGELFISCHER GEORG SCHAEFER & CO., THE 35 DIS-
COUNT OFF THE LISTED PRICE IS UNFAIR IN VIEW OF THE
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REBATES OF UP TO 66 PERCENT WHICH ARE ACTUALLY GIVEN
MOST CUSTOMERS IN GERMANY AND THE U. S. ACCORDING TO THE
KUGELFISCHER COMPANY, THIS RESULTS IN MORE FAVORABLE
TREATMENT OF JAPANESE IMPORTS. ALMOST ALL SOURCES
INDICATED THEIR CONCERN WITH THE EFFECT OF JAPANESE
COMPETITION BOTH IN EUROPE AND THE US (SEE REF C).
CASH

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